

Are You Ready For a CPE Audit?

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Preparing for any type of an audit can be time consuming and painful. Are you ready to have your Continuing Professional Education (CPE) audited? Do you know what type of information is needed for a CPE audit? How can you ensure that your CPE audit is successful? Every Arizona CPA needs to be ready for a CPE audit and this article can help.

Each month the Arizona State Board of Accountancy (Board) conducts Continuing Professional Education audits. The Board checks the subject area of continuing education taken and verifies completion of the education stated on the biennial registration.

The process begins with the Board's staff pulling at random a CPA's biennial registration form. The staff then notifies the registrant by mail that they have been selected for an audit. The CPA is requested to provide proof of CPE taken within the biennial registration period noted. A CPA typically has 30 days to respond to the Board's request. Failure to respond timely could be a violation of the Board's regulations. Once the requested information has been received by the Board, it is forwarded to the Continuing Professional Education Committee for review. The CPE Committee reviews the information for relevance and correctness.

To verify a CPA's education, the Board requires that the CPA provide a certificate of completion for each course taken. The certificate should state the CPA's name along with the course, title, date, CPE credit hours and subject area. Also required is a course outline. If a CPA does not have an outline, the committee may accept a copy of course materials, presentations, exam questions or a formal description of the course work.

Approximately 50 to 60 percent of these audits do not pass the initial committee inspection. The CPE Committee has provided the following reasons why the audit may not pass the initial inspection:

- Missing information: either the certificate and/or outline was not provided.
- Outline or description of course work is not clear.
- Hours do not add up to the 60 or 80 hour requirement.
- Less than 50 percent of the required credit hours were taken in the subject areas of accounting, auditing, taxation, business law or management advisory services.
- The course taken is not considered continuing professional education.
- The information submitted did not match the courses listed on the biennial registration form.

Here are some helpful hints to prepare for a CPE audit and your biennial registration.

1. Get a folder and label it with the current biennial registration period and call it CPE.

2. For each course taken, be sure to get a certificate of completion and an outline (or at the very least a course description). Staple those items together and drop them in the folder.
3. As you take courses, keep track of them on the inside of the folder.
4. You now have an easy reference for completing your biennial registration and all of the materials necessary in the event of a CPE audit.

Along with maintaining the appropriate materials, you will want to make sure that the 50 percent of course work not required in a specific subject area relates somehow to the work you do. Basket weaving for Controllers and other Financial Professionals will not count towards your continuing professional education requirement.

The Board's regulations (R4-1-453 (f)), requires that you keep your CPE records for three years from the date of the renewal submittal. Failure to do so could result in disciplinary action against your certificate.

Remember, you are ultimately responsible for verifying your education. If an organization or employer is maintaining records for you, get copies now. Don't leave the responsibility up to anyone but yourself. Situations change over time and you never know where you or the organization keeping track of your CPE hours will be when you get audited.

This leads me to my last point. The Arizona Society of CPAs maintains the necessary information on any CPE you have taken with us for a minimum of 5 years. We have been around since 1933 and are not going anywhere. So, if you are missing any CPE records for courses taken through the Arizona Society of CPAs just know we have your back. Contact the CPE Department with any questions or to request your CPE records at 602-252-4144 ext. 207 or e-mail at cpe@ascpa.com.